

Message Text

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C O N F I D E N T I A L USNATO 00536

C O R R E C T E D C O P Y (TEXT--PARA TWO LINE ONE ADDED)

EO 11652: XGDS-1
TAGS: MPOL, NATO, CA
SUBJECT: CANADIAN SHIP REPLACEMENT PROGRAM

1. THE CANADIAN DELEGATION HAS DISTRIBUTED COPIES OF A
MINISTRY OF DEFENSE PRESS RELEASE TO ALL DRC MEMBERS AN-
NOUNCING THE GOC'S DECISION TO EMBARK ON THE FIRST STAGE
OF ITS SHIP REPLACEMENT PROGRAM FOR THE CANADIAN NAVY.
THIS EFFORT, PREVIOUSLY BROACHED IN THE PRESS, AND DIS-
CUSSED IN VARIOUS NATO FORA, WILL ESSENTIALLY FULFILL THE
1977 DPQ CANADIAN FORCE GOAL 2M03, PROVIDING SIX OF THE
SEVEN DESTROYERS CALLED FOR.

2. KEY PORTIONS OF THE RELEASE FOLLOW. BEGIN TEXT:

I AM PLEASED TO ANNOUNCE TODAY THE GOVERNMENT'S DECISION
TO EMBARK ON THE FIRST STAGE OF A MAJOR SHIP REPLACEMENT
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PROGRAM FOR THE CANADIAN NAVY.

THE CURRENT MARITIME FLEET CONSISTS OF 20 OPERATIONAL
DESTROYERS WITH AN ADDITIONAL THREE DESTROYERS HELD IN
RESERVE. THE OLDEST OF THESE SHIPS, THE (SIX) AGING ST.-
LAURENT CLASS, WERE ORIGINALLY DESIGNED FOR 20 YEARS
SERVICE AND SOME WILL HAVE COMPLETED 30 YEARS OF SERVICE

BY 1985, AT WHICH TIME PHASING OUT OF THIS GROUP WILL HAVE TO START. IT TAKES APPROXIMATELY EIGHT YEARS TO DEFINE AND PROCURE A NEW SURFACE SHIP, THUS TO MAINTAIN THE PRESENT FLEET SIZE TO MEET THE MINIMUM OF OUR NATIONAL AND NATO COMMITMENTS, THE DEFINITION STAGE OF THIS SHIP REPLACEMENT PROJECT MUST COMMENCE AS SOON AS POSSIBLE SO THAT THE DESIGN FOR THE FIRST SIX SHIPS CAN BE FINALIZED. .

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THE GOVERNMENT HAS. . . APPROVED THE EXPENDITURE OF \$63 MILLION IN 1977 DOLLARS FOR THE DEFENCE DEPARTMENT TO PROCEED WITH THE NECESSARY PROJECT DEFINITION, WHICH WILL ALLOW DND, IN CONCERT WITH SHIPBUILDERS, TO DEVELOP THE DESIGN AND DETAILED COSTING OF THE FIRST OF A NEW SERIES OF SIX CANADIAN PATROL FRIGATES.

DECISION TO PROCEED WITH THE CONSTRUCTION OF THE NEW SHIPS WILL NOT BE MADE UNTIL THE PROJECT DEFINITION STAGE IS COMPLETED AND REVIEWED BY THE GOVERNMENT. WE WOULD EXPECT, HOWEVER, THAT THE BUILDING OF THE LEADSHIP, WHICH WILL BE THE FIRST SHIP OF THIS NEW CLASS, TO BEGIN IN 1981 AND BE COMPLETED BY 1985. CONTRACTS FOR THE FOLLOWSHIPS WOULD BE AWARDED BY 1983 AND THEIR PHASING INTO SERVICE WILL BE COMPLETED BY 1989. . . .

IN ORDER THAT WE MAY HAVE TIME TO ASSESS THE MOST SUITABLE
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BUILDING PROGRAM TO FOLLOW, ON THE BASIS OF RISK FACTORS INVOLVED, THE POTENTIAL FOR CANADIAN INDUSTRY AND WHAT DETAILED COSTING WILL BE INVOLVED, THE DECISION TO BUILD THE SHIPS, AS I MENTIONED, WILL NOT BE MADE UNTIL 1981. AT THAT TIME, THE COST OF THE SIX-SHIP PROGRAM WOULD BE IN THE ORDER OF \$1.5 BILLION IN 1977 DOLLARS. . . .

DURING THE LAST YEAR, THE DEPARTMENT OF NATIONAL DEFENCE HAS BEEN DEVELOPING THE OPERATIONAL AND TECHNICAL REQUIREMENTS FOR A NEW CANADIAN PATROL FRIGATE AS THE BASIS FOR INDUSTRY TO COMPLETE THE DETAILED DESIGN AND CONSTRUCTION FOR THE FIRST SIX SHIPS. IT IS ANTICIPATED THAT THE REQUIREMENT DOCUMENT WILL BE READY AND IN SUFFICIENT DETAIL TO PERMIT A FORMAL APPROACH TO BE MADE TO INDUSTRY IN EARLY 1978. AT THIS TIME, INDUSTRY WILL LOOK AT THE OPTIONS OF PREPARING A NEW DESIGN TO BUILD IN CANADA OR BUYING AN OFF-SHORE DESIGN TO MODIFY AND BUILD IN CANADA. . . .

A CANADIAN SHIPBUILDING PROGRAM TO REPLACE THE SHIPS OF THE ST-LAURENT CLASS, AS WELL AS THE EVENTUAL REPLACEMENT OF THE LATTER CLASSES OF DESTROYERS IN THE 1990'S, WILL HAVE A SIGNIFICANT IMPACT UPON THE CANADIAN ECONOMY. AS

THE PROPOSED BUILDING ACTIVITY, WHICH IS TO BEGIN IN 1981,
IS LABOUR-INTENSIVE, THE PROGRAM COULD EVENTUALLY GENERATE
DIRECTLY AND INDIRECTLY ABOUT 4,500 MAN-YEARS OF EMPLOYMENT
ANNUALLY FOR EIGHT YEARS. THERE WILL ALSO BE A MAJOR
IMPACT ON CANADIAN INDUSTRY AT LARGE SINCE EACH SHIP WILL
INCORPORATE SEVERAL THOUSAND PIECES OF EQUIPMENT, THE
MAJORITY OF WHICH WOULD BE PROVIDED BY SMALLER CANADIAN
MANUFACTURERS. . . . END TEXT. GLITMAN

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